

**806 KAR 14:121. Minimum standards for the readability and intelligibility of insurance contracts.**

RELATES TO: KRS 304.14-130, 304.14-420-304.14-450

STATUTORY AUTHORITY: KRS 304.2-110, 304.14-420

NECESSITY, FUNCTION, AND CONFORMITY: KRS 304.2-110 provides that the Executive Director of Insurance may adopt reasonable administrative regulations necessary for or as an aid to the effectuation of any provision of the Kentucky Insurance Code. KRS 304.14-420(2) requires the Executive Director of Insurance to promulgate administrative regulations to establish minimum standards for the readability and intelligibility of insurance contracts. KRS 304.14-450(1) requires the Executive Director of Insurance to promulgate administrative regulations establishing a list of type face styles acceptable for use in insurance contracts.

Section 1. Definitions. As used in this administrative regulation:

- (1) "Executive director" means the Executive Director of the Kentucky Office of Insurance;
- (2) "Personal lines insurance" means those personal lines of insurance designated in KRS 304.14-420(1);
- (3) "Amended" or "renewed" do not include changes or extension of term which are contractually granted and exercised by the policyowner or insured under the provisions of the policy;
- (4) "Text" means all printed matter except:
  - (a) The name and address of the insurer, the name, number, or title of the policy, the table of contents or index, captions and subcaptions, specification or declarations pages, schedules, or tables; and
  - (b) Any policy language which is drafted to conform to the requirements of any federal law, regulation, or agency interpretation, any medical terminology, and any policy language required by law or regulation, but the insurer shall certify that the language is entitled to be excepted from the definition of "text" as set forth in this paragraph.

Section 2. Scope. (1) This administrative regulation applies to all personal lines insurance policies delivered, issued for delivery, amended, or renewed in Kentucky on and after one (1) year from the effective date of this administrative regulation.

(2) This administrative regulation shall not apply to policies issued for conversion from policies not subject to this administrative regulation.

Section 3. Minimum Standards for Legibility. No personal lines insurance policy shall be delivered, issued for delivery, amended, or renewed in Kentucky unless it is printed, except for specification or declarations pages, schedules, and tables, in not less than ten (10) point type, one (1) point leaded.

Section 4. (1) The following type face styles shall be acceptable for personal lines insurance policies:

Aldus  
Alternate Gothic No. 3  
American Typewriter Light  
American Typewriter Medium  
Americana  
Andover (Palatino)  
Antique Olive Light  
Aster  
Auriga

Avant Garde Light  
Avant Garde Book  
Baskerville  
Bembo  
Benguiat Book  
Bodoni  
Bodoni Book  
Bookman  
Caledonia  
Candida  
Caslon Old Face No. 2  
Century Expanded  
Century Schoolbook  
Chelmsford (Optima)  
Clarendon Light  
Clearface  
Crown (Century)  
Egyptian  
Egyptian Light  
Electra  
Eurostile  
Fairfield Medium  
Friz Quadrata  
Garamond  
Garamond No. 3  
Goudy Oldstyle  
Hanover (Melior)  
Helvetica Light  
Helvetica  
Helvetica Condensed  
Highland (Calendonia)  
Iridium  
Italia Book  
Janson  
Korinna  
Megaron Light (Helvetica Light)  
Megaron Medium (Helvetica Medium)  
Melior  
Memphis Light  
Memphis Medium  
Monticello  
News Gothic  
Optima  
Orion  
Palatino  
Primer  
Quorum Light  
Quorum Book  
Rotation

Sabon  
Schoolbook  
Serif Gothic Light  
Souvenir  
Souvenir Light  
Stymie Medium  
Stymie Light  
Tiffany Light  
Tiffany Medium  
Times Roman  
Trade Gothic Light  
Trade Gothic  
Trade Gothic Condensed  
Trade Gothic Extended  
Triumvirant  
Trump  
Trump Medieval  
Univers Light  
Univers Medium  
Univers No. 45  
Univers No. 46  
Univers No. 55  
Univers No. 56  
Univers No. 57  
Univers 45 Light

(2) This list is not intended to be exhaustive, but is an indication of the legibility of a type face style that is required. Any type face style selected other than those listed in subsection (1) of this section shall not be used unless approved by the executive director. Extreme type styles such as "Old English" or heavy block are not acceptable.

(3) Italics, bold face, and contrasting styles may be used to emphasize important or technical terms and for captions. When two (2) or more type face styles are used, they shall be visually compatible.

Section 5. Minimum Standards for Intelligibility. (1) No personal lines insurance policy shall be delivered, issued for delivery, amended, or renewed in this state unless the text achieves a minimum score of forty (40) on the Flesch reading ease test or an equivalent score on any other reading test approved by the executive director for use as an alternative to the Flesch reading ease test if it is comparable in result to the Flesch reading ease test.

(2) For the purposes of this section, a Flesch reading ease test score shall be measured by the following method:

(a) For policy forms containing 10,000 words or less of text, the entire policy form shall be analyzed. For policy forms containing more than 10,000 words, the readability of two (2) 200 word samples per page may be analyzed instead of the entire policy form. The samples shall be separated by at least twenty (20) printed lines. Any endorsement made a part of the policy may, at the insurer's option, be scored separately or as part of the policy.

(b) The number of words and sentences in the text shall be counted and the total number of words divided by the total number of sentences. The figure obtained shall be multiplied by a factor of 1.015.

(c) The total number of syllables shall be counted and divided by the total number of words. The

figure obtained shall be multiplied by a factor of 84.6.

(d) The sum of the figures computed under paragraphs (b) and (c) of this subsection subtracted from 206.835 equals the Flesch reading ease score for the policy form.

(e) For the purposes of paragraphs (b), (c), and (d) of this subsection, the following procedures shall be used:

1. A contraction, hyphenated word, or numbers and letters, when separated by spaces, shall be counted as one (1) word;

2. A unit of words ending with a period, semicolon, or colon, but excluding headings and captions, shall be counted as a sentence; and

3. A syllable means a unit of spoken language consisting of one (1) or more letters of words as divided by an accepted dictionary. Where the dictionary shows two (2) or more equally acceptable pronunciations of a word, the pronunciation containing fewer syllables may be used.

(3) All policy form filings subject to this administrative regulation shall be accompanied by a certificate signed by an officer of the insurer or other insurer representative authorized by the board of directors stating that the policy form meets the minimum reading ease score on the test used or stating that the score is lower than the minimum required, but the policy form may be approved in accordance with subsection (4) of this section. To confirm the accuracy of any certification, the executive director may require the submission of further information to verify the certification in question.

(4) The executive director may authorize a lower reading ease test score than the Flesch reading ease score required in subsection (1) of this section whenever, in his sole discretion, he finds that a lower score:

(a) Will provide a more accurate reflection of the readability of a policy form;

(b) Is warranted by the nature of a particular policy form or type or class of policy forms; or

(c) Is caused by certain policy language which is drafted to conform to the requirements of any federal or state law, regulation, or agency interpretation.

**Section 6. Severability; Effective Date.** (1) If any provision of this administrative regulation or the application of this administrative regulation to any person or circumstance is for any reason held to be invalid, the remainder of the administrative regulation and the application of such provision to other persons or circumstances shall not be affected thereby.

(2) This administrative regulation shall become effective upon completion of its review pursuant to KRS Chapter 13A. (16 Ky.R. 516; eff. 11-4-89; TAm eff. 8-9-2007.)